

Message Text

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23

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

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FM SECSTATE WASHDC

TO USMISSION GENEVA

USMISSION EC BRUSSELS

AMEMBASSY OSLO

AMEMBASSY HELSINKI

AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: ETRD, JA, SZ, BE, NO, FI, SW

SUBJECT: NORDIC REPRESENTATION ON MVP

GENEVA FOR PHELAN

1. ON NOVEMBER 15 REPRESENTATIVES OF NORDIC COUNTRIES
LED BY FINNISH AMBASSADOR TUOMINEN CALLED ON ASSISTANT
SECRETARY KATZ TO PRESENT NORDIC POSITION ON MINIMUM VIABLE
PRODUCTION CLAUSE IN ARRANGMENT REGARDING INTERNATIONAL
TRADE IN TEXTILES (MFA). POSITION OUTLINED BY TUOMINEN
AND DETAILED IN AIDE-MEMOIRE EMPHASIZED NORDIC BELIEF THAT
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MINIMUM VIABLE PRODUCTION (MVP) CLAUSE PROVIDES JUSTIFICATION

FOR IMPORT RESTRAINT INDEPENDENT OF MFA DISRUPTION CRITERIA
FOR SMALL MARKETS WITH HIGH IMPORT PENETRATION RATIOS.
NORDICS BELIEVE IMPORT RESTRAINTS IN RESPECT TO SUCH MARKETS
CAN BE JUSTIFIED IN THE ABSENCE OF SHARP AND SUBSTANTIAL
INCREASES IN IMPORTS.

2. THE NORDICS MADE THE INCLUSION OF THE MVP CLAUSE A
CONDITION TO THEIR ADHERENCE TO THE MFA. THEY HAVE SINCE
BEEN DISAPPOINTED THAT ITS CRITERIA HAVE NOT BEEN APPLIED
TO REVIEW OF BILATERAL AGREEMENTS AND ARE NOW RE-EXAMINING
THEIR POSITION IN VIEW OF THE EXPIRY OF THE MFA. IN ANY
NEGOTIATION ON EXTENSION OF THE MFA THEY WILL SEEK AFFIRMA-
TION OF THEIR UNDERSTANDING ABOUT MVP SO AS TO LEAVE NO
DOUBT ABOUT ITS APPLICATION TO BILATERAL AGREEMENTS. THEY
ARE APPROACHING THE U.S., THE EC MEMBER COUNTRIES, JAPAN
AND MAJOR EXPORTING COUNTRIES TO SEEK UNDERSTANDING OF
THEIR POSITION AND SUPPORT FOR THEIR EFFORTS TO OBTAIN
ASSURANCES.

3. ASSISTANT SECRETARY KATZ CONFIRMED TO TUOMINEN AND
ACCOMPANYING NORDIC REPRESENTATIVES, U.S. UNDERSTANDING
OF SPECIAL SITUATION OF NORDIC COUNTRIES. HE SAID
NORDIC EFFORTS TO OBTAIN RECOGNITION OF MVP WOULD NOT
CAUSE PROBLEM FOR U.S., BUT STRESSED U.S. INTEREST IN
AVOIDING APPLICATION OF CLAUSE BY LARGE TRADING UNITS SUCH
AS EC.

4. COPY OF AIDE MEMOIRE BEING POUCHED NORDIC CAPITALS
AND GENEVA. KISSINGER

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